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CHAPTER I

INVESTMENT AND INDUSTRIAL CONFLICT

THE struggle between laborers and capitalists has been carried on unceasingly throughout modern times, and it bids fair to keep up indefinitely. It was never more bitter than now, and the problem that it presents never seemed farther from solution. In this contest untold millions of property have been destroyed and other untold millions of wealth have been wasted in the loss of the wage-earners' time. Any plan which will lessen the bitterness of the warfare and eliminate any part of the waste now going on will add greatly to the well-being of mankind.

Socialism suggests one way out of the difficulty and Christian individualism another, but both involve fundamental changes in human character and social organization. All that is being done under enlightened forms of government is to remove gradually the most conspicuous inequalities in opportunity through the limitation of special privileges, the control of natural resources and the curbing of monopolies, all three things being more or less inadequately accomplished through repressive legislation. The development of labor unions has served still further to equalize the chances in the battle for life. It is possible that the gradual attrition of the principles of unionism, socialism and individualism will in the end bring about a harmoniously working industrial machine, but this end is a long way off.

Great Britain is facing a crisis in her internal affairs involving disintegrating changes in her industrial, social and economic structure, changes which will during the period of adjustment injure every citizen of the United Kingdom. The class feeling so characteristic of the British nation is in a measure responsible for the gravity of the outlook; any national point of view that recognizes a differentiation in the social status of men in just so far encourages differentiation in their industrial status. The sequence of this is inequality in opportunity, alienation in

sympathy, and finally open industrial antagonism. The French nation, on the other hand, has no such point of view. Through the Revolution the industrial, and in some degree, the social character of the nation was changed. Conditions controlling the acquisition of property have been simplified, and its ownership has been distributed in small units. Employer and employe have developed, generally speaking, more or less harmonious relationships—certainly a far more unified purpose.

In the United States the problem is the same as in Great Britain. While class distinctions as known in the British dominions do not prevail with us, yet distinctions of another kind are just as clearly drawn, and an aristocracy of wealth is quite as effective as an aristocracy of birth or position in alienating from itself the respect and sympathy of other classes. Concentrated wealth is concentrated power. If it is used for private ends at public cost, its power to destroy the equilibrium between the rights of men and the rights of property, to disturb industrial progress and to foster class hatred is quite equal to the power of gunpowder in effecting the same results. The campaigns waged by adroitly generated capital may not be so sanguinary, yet their toll of death and disaster sometimes equals that of the bloodiest conflict on the field of battle. War is costly, and all nations are bending their energies to making it impossible. Industrial war is equally destructive; for class antipathies produce national stagnation. To equalize opportunity is to prevent industrial war by harmonizing the material interests of different economic classes. It is the writer's hope, through the relation of his own business experience, to point out a plan of action through which the present conflict of capital and labor may be lessened without waste of effort, destruction of present institutions, or overthrow of vested rights.

Present conditions in our productive activities are in part the price we pay for our highly organized civilization. When business was conducted on a simple basis and the machinery of credit was not developed, when the telegraph and rapid mail service were unknown, the individual control of large resources was difficult, and their monopolistic use was well-nigh impossible. Contemporaneous with the growth of general education

came the era of invention, and with it the telegraph, the railroad, rapid inter-communication between distant points, and automatic centralization of capital. Capital began to move toward centers where the demand for it was greatest. A hundred years ago there were innumerable small centers from which merchants derived the small capital they required, and no one city controlled the financial destinies of a very large area. To-day London, Berlin, Paris and New York control the finances of the world. This evolution is pregnant with good as well as evil. Commerce supplies the wants of all the people; all enjoy a thousand and one luxuries which were unheard of a few years ago, and life is in many ways the better worth living; through the easy exchange of credits, the financial demands of the most distant land meet with prompt response from other parts of the world, and supply and demand work together smoothly. On the other hand, the concentration of money and the creation of great banking centers have made it possible for individuals or groups of individuals to acquire undue control over funds and thus manipulate them to personal ends.

Capital may be said to be natural organization, the union of men and women voluntary organization. Capital has the power of accretion through interest or earnings, and enjoys the benefits of increment through increased public use. A given capital fund has a tendency to add to itself and increase its efficiency; men and women, the tools of capital, are thus continuously losing ground, or are forced to make their demands effective in new ways. As capital has grown in potency, labor has organized into unions. As in Jules Verne's competition between guns and armor plate, first one, then the other holds the advantage. But the contest is fraught with destruction and waste, even as the invention of a new armor plate or a high-power gun sends millions to the scrap heap. Bitterness is the fruit of the contest for supremacy or for self-protection; the energy of mankind is wasted in unproductive effort; national life and human character show the scars of constant conflict; suspicion and hatred replace faith and coöperation. The two great forces when not in open warfare stand in a state of armed neutrality, and their productive power is paralyzed by the demands upon their vigilance.

The ultimate interests of capital and labor may be identical, but the immediate concerns of the two are antithetical. A permanent solution of the problem can come only through a plan which will identify the immediate, not the remote interests of the two parties. To take from the stronger and give to the weaker is to injure the latter not less than the former. The whole problem can be solved if the laborer can be made a capitalist and the capitalist the executive representative of the laborer. If you arbitrarily divide property or the evidences of property among the people, you pauperize them, but if you make it possible for the people to purchase and own property, giving the wage-earner exactly the same chance as the millionaire, his desire to get ahead, which is as fundamental in one grade of society as in the other, will ere long put him in possession of the very property which he is working to build up, and it will be as impossible for him to destroy it as to destroy his own horse or cow or home. It is the hope of the writer to outline a definite plan to accomplish this end.

This plan includes: (1) the gradual education of the common people in the value of the securities that represent a large part of the wealth of the nation; (2) the creation of a method for the easy purchase of securities by the smallest saver in the land, thus bringing about the gradual but ultimate absorption of stocks, bonds and other tokens of property by the workers; (3) the education of men of ability to the responsibilities of trusteeship; and (4) the creation of a dual relationship in every individual: first, that of laborer or producer, who has a vital interest in his wage or the price of his product; second, that of capitalist or security holder, who has an interest in his property and in the protection of its earning capacity. If this can be accomplished the problem will be largely solved. Socialism may exist, but it will be common ownership through purchase, not confiscation. Competition, the vital correlative to ambition, will exist, but the abuses of ambition will be greatly lessened. Many years' experience with both laborers and capitalists leads to a belief that the proposed plan is practical and is capable of immediate application and wide extension.